

(c) *Exceptions*—(1) *Certain provisions relating to governmental programs.* The following provisions do not apply to section 145: § 1.141-2(d)(4) (relating to the special rule for dispositions of personal property in the ordinary course of an established governmental program) and § 1.141-2(d)(5) (relating to the special rule for general obligation bond programs that finance a large number of separate purposes).

(2) *Costs of issuance.* Section 1.141-3(g)(6) does not apply to section 145(a)(2) to the extent that it provides that costs of issuance are allocated ratably among the other purposes for which the proceeds are used. For purposes of section 145(a)(2), costs of issuance are treated as private business use.

[T.D. 8712, 62 FR 2303, Jan. 16, 1997]

EFFECTIVE DATE NOTE: By T.D. 8712, 62 FR 2303, Jan. 16, 1997, § 1.145-2 was added, effective May 16, 1997.

§ 1.147-0 Table of Contents.

This section lists the captioned paragraphs contained in §§ 1.147-1 and 1.147-2.

§ 1.147-1 *Other requirements applicable to certain private activity bonds.*

- (a) Overview.
- (b) Scope.
- (c) Effective dates.

§ 1.147-2 *Remedial actions.*

[T.D. 8712, 62 FR 2304, Jan. 16, 1997]

EFFECTIVE DATE NOTE: By T.D. 8712, 62 FR 2304, Jan. 16, 1997, § 1.147-0 was added, effective May 16, 1997.

§ 1.147-1 Other requirements applicable to certain private activity bonds.

(a) *Overview.* Interest on a private activity bond is not excludable from gross income under section 103(a) unless the bond is a qualified bond. Under section 147, certain requirements must be met for a private activity bond to qualify as a qualified bond.

(b) *Scope.* Sections 1.147-0 through 1.147-2 apply for purposes of the rules in section 147 for qualified private activity bonds that permit use of proceeds to acquire land for environmental purposes (section 147(c)(3)), permit use of proceeds for certain rehabilitations (section 147(d)(2) and (3)), prohibit use of proceeds to finance

skyboxes, airplanes, gambling establishments and similar facilities (section 147(e)), and require public approval (section 147(f)), but not for the rules limiting use of proceeds to acquire land or existing property under sections 147(c)(1) and (2), and (d)(1).

(c) *Effective dates.* For effective dates of §§ 1.147-0 through 1.147-2, see § 1.141-16.

[T.D. 8712, 62 FR 2304, Jan. 16, 1997]

EFFECTIVE DATE NOTE: By T.D. 8712, 62 FR 2304, Jan. 16, 1997, § 1.147-1 was added, effective May 16, 1997.

§ 1.147-2 Remedial actions.

The remedial action rules of § 1.142-2 apply to the rules in section 147 for qualified private activity bonds that permit use of proceeds to acquire land for environmental purposes (section 147(c)(3)), permit use of proceeds for certain rehabilitations (section 147(d)(2) and (3)), prohibit use of proceeds to finance skyboxes, airplanes, gambling establishments and similar facilities (section 147(e)), and require public approval (section 147(f)), for this purpose treating those private activity bonds subject to the rules under section 147 as exempt facility bonds and the qualifying purposes for those bonds as exempt facilities.

[T.D. 8712, 62 FR 2304, Jan. 16, 1997]

EFFECTIVE DATE NOTE: By T.D. 8712, 62 FR 2304, Jan. 16, 1997, § 1.147-2 was added, effective May 16, 1997.

§ 1.147(b)-1 Bond maturity limitation—treatment of working capital.

Section 147(b) does not apply to proceeds of a private activity bond issue used to finance working capital expenditures.

[T.D. 8476, 58 FR 33515, June 18, 1993]

§ 1.148-0 Scope and table of contents.

(a) *Overview.* Under section 103(a), interest on certain obligations issued by States and local governments is excludable from the gross income of the owners. Section 148 was enacted to minimize the arbitrage benefits from investing gross proceeds of tax-exempt bonds in higher yielding investments and to remove the arbitrage incentives